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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hi Sun Technology (China) Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技（中國）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 818)

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTY**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



South China Capital Limited

A notice convening a special general meeting of the Company to be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 13 December 2006 at 10:30 a.m. is set out on pages 28 and 29 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the principal place of business of the Company at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the proposed acquisition of the Property pursuant to the Acquisition Agreement;
“Acquisition Agreement”	the acquisition agreement dated 2 November 2006 entered into between the Company and Beijing Hi Sun Electric Power in relation to the Acquisition;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Beijing Hi Sun Electric Power” or the “Vendor”	北京高陽萬為電力信息技術有限公司 (Beijing Hi Sun Electric Power Information Technology Limited*), a wholly-owned subsidiary of Hi Sun Limited which is a substantial shareholder of the Company;
“Business Day”	a day other than a Saturday and Sunday and public holidays in the PRC and Hong Kong;
“Company”	Hi Sun Technology (China) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
“Completion”	completion of the acquisition of the Property in accordance with the provisions of the Acquisition Agreement;
“Conditions Precedent”	the conditions precedent of the Acquisition Agreement;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	a committee of the Board comprising Mr. Tam Chun Fai, Mr. Xu Sitao and Mr. Leung Wai Man, Roger, the independent non-executive Directors, appointed to advise the Independent Shareholders on the fairness and reasonableness of the terms of the Acquisition Agreement and the transaction contemplated thereunder;
“Independent Shareholders”	Shareholders other than Mr. Kui Man Chun, Hi Sun Limited and Rich Global Limited and their respective associates;

* For identification purpose only

DEFINITIONS

“independent third party(ies)”	has the meaning ascribed to it under the Listing Rules;
“Latest Practicable Date”	24 November 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	The People’s Republic of China;
“Property”	北京市海澱區阜成路67號銀都大廈15-17樓;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance;
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Acquisition Agreement and the transaction contemplated thereunder;
“Shareholder(s)”	shareholder(s) of the Company;
“South China Capital”	South China Capital Limited, a deemed licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition Agreement and the transaction contemplated thereunder;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vigers”	Vigers Appraisal and Consulting Limited, an independent professional valuer;
“HK\$”	the lawful currency of Hong Kong;
“%”	per cent.

For the purpose of this circular, the following conversion rates have been used:

for the year 2001 HK\$1 : RMB1.07
for the year 2004 HK\$1 : RMB1.07
for the year 2005 HK\$1 : RMB1.04
for the year 2006 HK\$1 : RMB1.04

LETTER FROM THE BOARD



HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技（中國）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 818)

Executive Directors:

Mr. CHEUNG Yuk Fung (*Chairman*)

Mr. KUI Man Chun

Mr. XU Wensheng

Mr. LI Wenjin

Mr. CHAN Yiu Kwong

Mr. XU Chang Jun

Independent non-executive Directors:

Mr. TAM Chun Fai

Mr. XU Sitao

Mr. LEUNG Wai Man, Roger

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place
of business:*

Room 2416, 24th Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

27 November 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF PROPERTY

INTRODUCTION

On 2 November 2006, the Company entered into the Acquisition Agreement and agreed to conditionally acquire, or cause its nominee to acquire, the Property from Beijing Hi Sun Electric Power, a connected person of the Company, for a consideration of RMB34,500,000 (equivalent to HK\$33.17 million).

The Vendor is indirectly wholly-owned by Hi Sun Limited. As at the Latest Practicable Date, Hi Sun Limited is a substantial shareholder of the Company holding approximately 41.09% of the issued share capital of the Company through its wholly-owned subsidiary, Rich Global Limited. Hi Sun Limited is in turn owned as to approximately 99.16% by

* For identification purpose only

LETTER FROM THE BOARD

Mr. Kui Man Chun, a director of the Company. Accordingly, Beijing Hi Sun Electric Power is a connected person of the Company by virtue of its being an associate of the substantial shareholder and a director of the Company.

In addition, as one of the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the entering into the Acquisition Agreement constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and, is subject to approval by the Independent Shareholders at the SGM. Each of Mr. Kui Man Chun, Hi Sun Limited and Rich Global Limited and their respective associates who are Shareholders will abstain from voting on the resolution to approve the Acquisition at the SGM.

The Independent Board Committee has been formed to make recommendations to the Independent Shareholders in relation to the Acquisition. South China Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on whether or not the terms of the Acquisition Agreement and the transaction contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

The purpose of this circular is to provide you with (i) further details of the Acquisition; (ii) the recommendation from the Independent Board Committee in respect of the terms of the Acquisition Agreement and the transaction contemplated thereunder; (iii) a letter of advice from South China Capital to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Acquisition Agreement and the transaction contemplated thereunder; and (iv) a notice of SGM.

THE ACQUISITION

The Company has entered into the Acquisition Agreement with the Vendor for the Acquisition, further details of which are set out below.

Date : 2 November 2006

Parties : 1. Beijing Hi Sun Electric Power as vendor
2. the Company as purchaser

Beijing Hi Sun Electric Power is indirectly wholly-owned by Hi Sun Limited. As at the Latest Practicable Date, Hi Sun Limited is a substantial shareholder of the Company holding approximately 41.09% of the issued share capital of the Company through its wholly-owned subsidiary, Rich Global Limited. Hi Sun Limited is in turn owned as to approximately 99.16% by Mr. Kui Man Chun, a director of

LETTER FROM THE BOARD

the Company. Accordingly, Beijing Hi Sun Electric Power is a connected person of the Company by virtue of its being an associate of the substantial shareholder and a director of the Company.

Beijing Hi Sun Electric Power is a wholly foreign-owned enterprise incorporated in the PRC and is principally engaged in the provision of information technology solution services and related products for electric power industry.

Assets to be acquired : The Property is located at 北京市海澱區阜成路67號銀都大廈15-17樓 and has a total building area of 2,864.58 square metres.

The Property was acquired by Beijing Hi Sun Electric Power in December 2001 at a consideration of RMB19.24 million (equivalent to HK\$17.98 million). A building area of 968.50 square metres are currently leased to independent third parties, the terms of which will expire between 30 November 2006 and 24 August 2007, 894 square metres are leased to the Group's subsidiaries, 250 square metres are occupied by Beijing Hi Sun Electric Power, 71 square metres are used as the mechanical and engineering room shared by the Group and Beijing Hi Sun Electric Power and the remaining 681.08 square metres are vacant.

The net profits before taxation and extraordinary items attributable to the Property (being the aggregate rental income received by Beijing Hi Sun Electric Power in respect of the Property) for the two years ended 31 December 2004 and 31 December 2005 were RMB1.23 million (equivalent to HK\$1.15 million) and RMB1.48 million (equivalent to HK\$1.42 million) respectively. The net profits after taxation and extraordinary items attributable to the Property (being the aggregate rental income received by Beijing Hi Sun Electric Power in respect of the Property less taxation) for the two years ended 31 December 2004 and 31 December 2005 were RMB1.01 million (equivalent to HK\$0.94 million) and RMB1.24 million (equivalent to HK\$1.19 million) respectively.

On or before Completion, Beijing Hi Sun Electric Power will reduce the size of the office space it occupies in the Property from 250 square metres to 200 square metres and will cease to share with the Group, and will vacate, the mechanical and engineering room referred to above. The Group will also on Completion enter into a tenancy agreement with

LETTER FROM THE BOARD

Beijing Hi Sun Electric Power in respect of Beijing Hi Sun Electric Power's continued use of office space of 200 square metres of the Property for an aggregate rental of approximately RMB187,200 (equivalent to approximately HK\$180,000) per annum, payable in 12 equal instalments, for a period of one year (subject to early termination by 30 days' notice). The annual rental has been determined on the basis of the market rate and is comparable to the other tenancy agreements of the Property. Although such tenancy agreement may constitute a continuing connected transaction under the Listing Rules, given that the annual rental payments will fall below the de minimis threshold under Rule 14A.33(3) of the Listing Rules, it is therefore not subject to the reporting, announcement and independent shareholders' approval requirements.

Consideration and Terms of Payment : The consideration is RMB34,500,000 (equivalent to HK\$33.17 million) payable in cash. A deposit of RMB3,000,000 (equivalent to HK\$2.88 million) has been paid in accordance with the terms of the Acquisition Agreement and the balance will be paid within three Business Days upon Completion. If any of the Conditions Precedent is not fulfilled on or before 15 January 2007 (or such other date as may be agreed by the parties) and Completion does not take place, the deposit of RMB3,000,000 (equivalent to HK\$2.88 million) shall be returned to the Company without interest within three Business Days.

The consideration was arrived at after arm's length negotiations between the Company and Beijing Hi Sun Electric Power with reference to the indicative valuation provided by Vigers.

Conditions precedent : The Acquisition is conditional upon, among other things, the fulfilment (or waiver) of the following:

1. the provision of a legal opinion from a PRC counsel as to the title of the Property, in a form satisfactory to the Company;
2. Beijing Hi Sun Electric Power having given notice to each tenant of the existing tenancy agreements of the Property as to the Acquisition and each tenant having given written consent to the waiver of pre-emption rights over the acquisition of the relevant part of the Property; and

LETTER FROM THE BOARD

3. the Independent Shareholders approving the Acquisition.

If the Conditions Precedents are not fulfilled on or before 15 January 2007 (or such other date as may be agreed by the parties), the Acquisition Agreement will terminate and none of the parties shall have any claim against the other for costs, damages or compensation, save in respect of any antecedent breach. The Company has obtained the legal opinion referred to in the first Condition Precedent and is obliged to obtain the Independent Shareholders' approval (being the third Condition Precedent) under the Listing Rules. The Company does not intend to waive the second Condition Precedent. If the Company wishes to waive such condition and proceed to completion, it may only do so with further Independent Shareholders' approval.

Completion : Completion is expected to take place on the third Business Day following the day on which the last unfulfilled Conditions Precedent is satisfied or such other date as may be agreed by the parties. On Completion, the Property is to be transferred to the Company or a nominee as it may direct.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group is principally engaged in the sales of information technology products and provision of customised operation information system consultancy and integration services, and information technology value-added services, and requires office space for its operations. As disclosed above, the Property is currently subject to a number of tenancies expiring between 30 November 2006 and 24 August 2007. Certain members of the Group operating in the PRC are currently occupying parts of the Property. The Acquisition would enable the Group to continue to enjoy some rental income after Completion but on expiry of the current tenancies, allow the Group to assess its requirements for space for expansion and where appropriate to take up the additional space, without having to relocate its existing operations to other locations. The executive Directors therefore consider the Acquisition to be in the interests of the Group, and that the terms of the Acquisition Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

It is not expected that the Acquisition will have any significant impact on the Group's net asset value as any increase in non-current assets will be offset by a corresponding decrease in bank balances and cash of the Group. The Directors confirmed that the Acquisition would not have any impact on the liabilities of the Group as the consideration will be funded entirely by internal resources of the Group.

LETTER FROM THE BOARD

There are several tenancy agreements attached to the Property, which will expire between 30 November 2006 and 24 August 2007. After Completion, the Group would earn monthly rental income of approximately RMB98,000 (equivalent to approximately HK\$94,000) from Beijing Hi Sun Electric Power and the existing tenants. In addition, the Group would save monthly rental expenses of approximately RMB70,000 (equivalent to approximately HK\$67,000) for the offices now occupied in the Property. The Directors expect that the Group would incur an annual depreciation cost on the Property of approximately RMB924,000 (equivalent to approximately HK\$888,000).

LISTING RULES IMPLICATIONS

As aforementioned, the Vendor is a connected person of the Company under the Listing Rules. As one of the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the entering into the Acquisition Agreement constitutes a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules and is subject to the approval by the Independent Shareholders at the SGM. Voting on such resolution will be conducted by way of a poll. Each of Mr. Kui Man Chun, Hi Sun Limited and Rich Global Limited and their respective associates who are Shareholders will abstain from voting on the resolution to approve the Acquisition at the SGM.

SGM

Set out on pages 28 and 29 of this circular is a notice convening the SGM to be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 13 December 2006 at 10:30 a.m. for the purpose of considering and, if thought fit, pass the resolution to approve the Acquisition Agreement and the transaction contemplated thereunder.

A form of proxy is herewith enclosed for use at the SGM. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the principal place of business of the Company at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

Pursuant to Bye-Law 66 of the bye-laws of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the designated stock exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by: (i) the chairman of the meeting; or (ii) at least three members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting;

LETTER FROM THE BOARD

or (iii) a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or (iv) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or (v) if required by the rules of the designated stock exchange by the chairman of the meeting and/or the Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a member.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors recommend that the Shareholders vote in favour of the resolution for approving the Acquisition Agreement and the transaction contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board
Hi Sun Technology (China) Limited
LI Wenjin
Executive Director



HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技（中國）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 818)

27 November 2006

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF PROPERTY

We refer to the circular issued by the Company to the Shareholders dated 27 November 2006 (the “Circular”) of which this letter forms part. Unless the context otherwise defines, terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in connection with the Acquisition Agreement and the transaction contemplated thereunder. South China Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement and the transaction contemplated thereunder.

We wish to draw your attention to the letter from the Board as set out on pages 3 to 9 and the letter from South China Capital as set out on pages 11 to 16 of the Circular respectively.

Having considered the principal factors and reasons considered by, and the advice of South China Capital as set out in its letter of advice, we consider that the Acquisition Agreement and the transaction contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Acquisition Agreement and the transaction contemplated thereunder.

Yours faithfully,

the Independent Board Committee

Tam Chun Fai

Xu Sitao

Leung Wai Man, Roger

Independent Non-executive Directors

* For identification purpose only

LETTER FROM SOUTH CHINA CAPITAL

Set out below is the text of a letter received from South China Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Acquisition for the purpose of inclusion in this circular.



South China Capital Limited
28th Floor, Bank of China Tower
No. 1 Garden Road
Central
Hong Kong

27 November 2006

*To: The independent board committee and the independent shareholders
of Hi Sun Technology (China) Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF PROPERTY

INTRODUCTION

We refer to our appointment by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular dated 27 November 2006 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 2 November 2006, the Company entered into the Acquisition Agreement with Beijing Hi Sun Electric Power pursuant to which the Company agreed to acquire and Beijing Hi Sun Electric Power agreed to sell to the Company, the Property for a consideration of RMB34,500,000 (equivalent to approximately HK\$33.17 million) in cash.

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the entering into the Acquisition Agreement constitutes discloseable transaction of the Company for the purpose of Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Beijing Hi Sun Electric Power was indirectly wholly-owned by Hi Sun Limited, whose effective equity interest through its wholly-owned subsidiary, Rich Global Limited, in the Company was approximately 41.09%. Mr. Kui Man Chun, a director of the Company, was in turn interested in approximately 99.16% of the issued share capital of Hi Sun Limited as at the Latest Practicable Date. Accordingly, Beijing Hi Sun Electric Power is a connected person of the Company by virtue of it being an associate of the substantial shareholder and a director of the Company. The Acquisition therefore constitutes a connected transaction of the Company under Chapter 14A of the

LETTER FROM SOUTH CHINA CAPITAL

Listing Rules and is subject to approval by the Independent Shareholders at the SGM. Each of Mr. Kui Man Chun, Hi Sun Limited, Rich Global Limited and their respective associates who are Shareholders shall abstain from voting on the resolution to approve the Acquisition at the SGM.

The Board has appointed the Independent Board Committee, comprising Mr. Tam Chun Fai, Mr. Xu Sitao and Mr. Leung Wai Man, Roger (all being independent non-executive Directors), to consider whether the terms of the Acquisition Agreement and the transaction contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and whether the Independent Shareholders shall approve the ordinary resolution to be proposed at the SGM regarding the Acquisition. South China Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations which have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the date hereof. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

In addition, we have reviewed the independent valuation report prepared by Vigers (the “Valuer”) in respect of the Property as set out in Appendix I to the Circular (the “Valuation Report”) and assumed that the bases and assumptions made in determining the valuation of the Property by the Valuer are fair and reasonable.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or their respective subsidiaries or associates and the Valuation Report, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

(1) Background of the Acquisition

Business overview of the Group

The Group is principally engaged in the sales of information technology products and the provision of customized information system consultancy and integration services, and information technology operation value-added services. According to the announcement of the Company dated 7 November 2006, the Directors foresee that there will be rising business opportunity for the Group in the provision of customized information system consultancy and integration services, and information technology operation value-added services. In this respect, we have further enquired into the Company and are advised that the Group's operations in this business segment are carried out by the Company's subsidiaries which are situated in Beijing, the PRC. Hence, in order to cope with the potential business advancement, the Directors expect that the Group may have to enlarge its existing business operations, which will require more office space, in Beijing.

The Property

The Property is located at 北京市海澱區阜成路67號銀都大廈15-17樓 and has a total building area of 2,864.58 square metres of which (i) 968.50 square metres are currently leased to independent third parties, the terms of which will expire between 30 November 2006 and 24 August 2007; (ii) 894 square metres are leased to the Company's subsidiaries; (iii) 250 square metres are occupied by Beijing Hi Sun Electric Power; (iv) 71 square metres are used as the mechanical and engineering room shared by the Group and Beijing Hi Sun Electric Power; and (v) the remaining 681.08 square metres are vacant.

The Property was acquired by Beijing Hi Sun Electric Power in December 2001 and has been generating profit to Beijing Hi Sun Electric Power since the date of the acquisition. As extracted from the Board Letter, the net profits after taxation and extraordinary items attributable to the Property (being the aggregate rental income received by Beijing Hi Sun Electric Power in respect of the Property less taxation) were approximately RMB1.01 million (equivalent to approximately HK\$0.94 million) and RMB1.24 million (equivalent to approximately HK\$1.19 million) respectively for the two years ended 31 December 2004 and 31 December 2005. Based on the profit generating record as just mentioned, it is reasonable to expect that the Property will be a stable source of revenue for the Company upon Completion should the Company continues to use the Property in its existing ways.

LETTER FROM SOUTH CHINA CAPITAL

(2) Future use of the Property and reasons for the Acquisition

On or before Completion, Beijing Hi Sun Electric Power will reduce the size of the office space it occupies in the Property from 250 square metres to 200 square metres and will cease to share with the Group, and vacate the mechanical and engineering room. Moreover, the Group will enter into a tenancy agreement with Beijing Hi Sun Electric Power in respect of Beijing Hi Sun Electric Power's continued use of office space of 200 square metres of the Property for an aggregate rental of approximately RMB187,200 (equivalent to approximately HK\$180,000) per annum, being payable in 12 equal instalments, for a period of one year.

Besides leasing out the Property to Beijing Hi Sun Electric Power as mentioned in the above paragraph, the Directors advised that the Company's subsidiaries would continue to occupy the Property for office use while the Company may or may not extend the lease agreements with the independent third party tenants when those agreements expire. As referred to the Board Letter, the Group would save monthly rental expenses of approximately RMB70,000 (equivalent to HK\$67,000) for the offices now occupied by the Company's subsidiaries in the Property. We also note from the Board Letter that the Company would be able to receive rental income of around RMB82,000 (equivalent to approximately HK\$79,000) per month from the independent third party tenants based on the existing terms of the leases. In the event that the Company chooses not to extend the lease agreements, the Company will spare the extra vacant building area of the Property for the Group's own use.

Having taken into account (i) the upcoming expansion of the Group's business in the PRC which will require additional office space in Beijing; (ii) the Property's persistent profit generating record; and (iii) the future intention of the Company in respect of the use of the Property upon Completion as detailed in the section headed "Future use of the Property and reasons for the Acquisition", we concur with the Directors that the Acquisition would enable the Group to continue to enjoy some rental income after Completion but on expiry of the current tenancies, allow the Group to satisfy its needs for space for expansion and where appropriate to take up the additional space, without having to relocate its existing operations to other locations. Therefore, given the above benefits of and reasons for the Acquisition, we consider that the Acquisition is in the interests of the Shareholders and the Company as a whole.

(3) Basis of the Consideration

The consideration is RMB34,500,000 (equivalent to approximately HK\$33.17 million) payable in cash. According to the Directors, the Company will finance the entire amount of the consideration by internal resources and the Directors confirmed that the Group would have sufficient internal resources for such purpose.

As extracted from the Board Letter, the Directors confirmed that the consideration was arrived at after arm's length negotiations between the Company and Beijing Hi Sun Electric Power with reference to the open market value of the

LETTER FROM SOUTH CHINA CAPITAL

Property of RMB36,000,000 (equivalent to approximately HK\$35.64 million) as at 31 October 2006. In assessing the fairness and reasonableness of the consideration of the Acquisition, we have reviewed the Valuation Report prepared by the Valuer contained in Appendix I to the Circular. We have also enquired into the Valuer on the methodology adopted and the assumptions used in arriving at the open market value of the Property as at 31 October 2006. We understand that the Valuer has carried out property inspections and adopted the comparison approach (the “Comparison Approach”) under which reference to comparable sales evidence or offerings as available in the relevant market is made, and weighted against the respective advantages and disadvantages of the Property so as to arrive at a fair comparison of the open market value of the Property. As advised by the Valuer, the Comparison Approach is the most common methodology used to assess the value of a property and is appropriate to estimate the Property’s open market value. We have no reason to doubt the fairness and appropriateness of the methodology adopted and assumptions used by the Valuer in arriving at the valuation of the Property and since the consideration of the Acquisition was determined with reference to a fairly and appropriately prepared recent valuation of the Property with a slight discount, we are of the opinion that the consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Shareholders and the Company as a whole.

We have also reviewed the other terms as stipulated in the Acquisition Agreement and are not aware of any terms which are uncommon to normal market practice. In light of this, we consider that the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Shareholders and the Company as a whole.

(4) Financial effects of the Acquisition on the Group

Effect on net asset value

According to the interim report of the Company for the six months ended 30 June 2006, the unaudited net asset value of the Group was approximately HK\$271.74 million as at 30 June 2006. Since the Company intends to finance the entire amount of the consideration of the Acquisition in cash by internal resources, upon Completion, the increase in non-current assets of the Group (being the asset value of the Property) would be fully offset by the decrease in current assets (being the bank balances and cash). As a result, the Acquisition would have no effect on the Group’s net asset value.

Effect on earnings

As stated in the section headed “Future use of the Property and reasons for the Acquisition”, the Company will enter into a tenancy agreement with Beijing Hi Sun Electric Power in respect of Beijing Hi Sun Electric Power’s continued use of office space of 200 square metres of the Property for an aggregate rental of approximately RMB187,200 (equivalent to approximately

LETTER FROM SOUTH CHINA CAPITAL

HK\$180,000) per annum. In addition, the Company may also lease out the Property to other independent third parties upon Completion which would enable the Company to receive rental income of around RMB82,000 (equivalent to approximately HK\$79,000) per month. The Acquisition hence would have a positive impact on the future earnings of the Group in terms of rental income although the depreciation expenses of the Group would also increase after the Acquisition.

Effect on gearing and working capital

The Group's gearing position (which is calculated as total borrowings divided by net asset value) would remain unchanged after the Acquisition. Due to the fact that the Company will finance the entire amount of the consideration of the Acquisition by internal resources, the working capital of the Group would be reduced by RMB34,500,000 (equivalent to approximately HK\$33.17 million), being the total consideration of the Acquisition. As aforementioned, the Directors confirmed that the Group would have sufficient internal resources to satisfying such cash outflow.

In light of the foregoing minimal effect of the Acquisition on the net asset value, earnings, and gearing of the Group, we are of the view that the Acquisition would have no significant impact on the Group's financial position save and except for the reduction in working capital which is inevitable as the Company intends to finance the entire amount of the consideration of the Acquisition by internal resources in cash.

RECOMMENDATION

Having considered the above factors and reasons, we are of the opinion that the terms of the Acquisition Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to approve the ordinary resolution to be proposed at the SGM regarding the Acquisition and we recommend the Independent Shareholders to approve the ordinary resolution to be proposed at the SGM regarding the Acquisition.

Yours faithfully,
For and on behalf of
South China Capital Limited
Graham Lam
Director

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular and received from Vigers, an independent valuer, in connection with their valuation as at 31 October 2006 of the property interest to be acquired by the Company.

Vigers Appraisal & Consulting Limited

International Asset Appraisal Consultants



10th Floor
The Grande Building
398 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

27 November 2006

The Directors
Hi Sun Technology (China) Limited
Room 2416, 24th Floor,
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

**Levels 15 to 17 of Yindou Building (銀都大廈), No. 67 Fucheng Road
Haidian District, Beijing City, the PRC**

In accordance with your instructions for us to value the captioned property located in the People's Republic of China ("the PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you ("the Company") with our opinion of the market value of such property interests as at 31 October 2006 for possible acquisition purpose.

Our valuation is our opinion of the market value of the property interest which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our valuation has been made on the assumption that the owners sell the property interest on the market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the value of the property interest. In addition, no forced sale situation in any manner is assumed in our valuation.

We have estimated the value of the property by the Comparison Approach via making reference to comparable sales evidences or offerings as available in the relevant market, and weighed against the respective advantages and disadvantages of the property, including the existing tenancies the property currently subject to, in order to arrive at a fair comparison of the value.

In undertaking our valuation of the property, we have relied on the legal opinion provided by the Company's PRC legal adviser, Global Law Office.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us on such matters as ownership, title, planning approvals, statutory notices, easements, tenure, occupation, lettings, site and floor areas, development plan, construction costs, identification of the property and other relevant matters. We have also been advised by the Company that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out investigations on site to determine the suitability of ground conditions and services etc. for any future development, nor have we undertaken any ecological or environmental surveys. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

In valuing the property interests, we have complied with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors (“HKIS”).

Unless otherwise stated, all monetary amounts are in Renminbi, the official currency of the PRC.

We enclosed herewith the valuation certificate.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor
MRICS MHKIS MSc(e-com)
Executive Director

Note: Raymond K.K. Ho, Chartered Surveyor, MRICS, MHKIS has over nineteen years’ experience in undertaking valuations of properties in Hong Kong and Macau and has over twelve years’ experience in the valuation of properties in the PRC. Mr. Ho has been working with Vigers Group since 1989.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as at 31 October 2006
Levels 15 to 17 of Yindou Building, No.67 Fucheng Road, Haidian District, Beijing City, The PRC	<p>The property comprises the whole of the 15th to 17th levels of a 17-level plus a basement level office building completed in about 1994.</p> <p>The property has a total gross floor area of approximately 2,865 sq.m..</p> <p>The property is held under the building ownership rights for a term from 23 May 2002 to 17 September 2046.</p>	<p>A portion of the property having an area of about 250 sq.m. is owner-occupied. An area of about 894 sq.m. is leased to related parties and an area of about 968.5 sq.m. is leased to various independent third parties (see note (ii) below). In addition, an area of about 71 sq.m. is used as plant room shared by the Group and Beijing Hi Sun Electric Power.</p> <p>An area of about 681 sq.m. is currently vacant.</p>	RMB36,000,000

Notes:

- 1. According to the Building Ownership Certificate Jing Fang Quan Zhen Hai Shi Wai Yi No.00014 (the “Building Ownership Certificate”), the building ownership rights of the property having a total gross floor area of approximately 2,864.58 sq.m. is vested in Beijing Hi Sun Electric Power (北京高陽萬為電力信息技術有限公司) for a land use rights year term commencing from 23 May 2002 to 17 September 2046 for office use. According to the Company, the property was acquired in December 2001 at a consideration of RMB19,240,000 plus a deed tax and duty fee of RMB586,375.
- 2. As at the date of valuation, the property is subject to the following tenancy agreements:

Level	Tenant	Gross Floor Area (GFA sq.m.)	Year Term and Rental
15	百富計算機技術（深圳）有限公司北京辦事處	259	Leased to a related party for a term from 1 January 2006 to 31 December 2006 at a daily rate of RMB2.6 per square metre exclusive of management fee and utility service charges.
15	北京怡安金信科技發展有限公司	14	Leased to an independent third party for a term from 6 June 2006 to 5 June 2007 at a quarterly rent of RMB2,500 exclusive of management fee and utility service charges.
16	國泰開元（北京）管理諮詢有限公司	85	Leased to an independent third party for a term from 25 August 2006 to 24 August 2007 at a monthly rent of RMB7,300 inclusive of management fee but exclusive of utility service charges.
16	北京御銀通科技股份有限責任公司	64	Leased to an independent third party for a term from 5 March 2006 to 5 February 2007 at a monthly rent of RMB5,568 inclusive of management fee but exclusive of utility service charges.

Level	Tenant	Gross Floor Area (GFA sq.m.)	Year Term and Rental
16	廣州御銀科技股份有限公司	85	Leased to an independent third party for a term from 5 February 2006 to 5 February 2007 at a yearly rent of RMB89,880 inclusive of management fee but exclusive of utility service charges.
16	北京春雪會計服務有限公司	70	Leased to an independent third party for a term from 1 April 2006 to 1 April 2007 at a monthly rent of RMB6,200 inclusive of management fee but exclusive of utility service charges.
16	通用科技有限公司	331.5	Leased to an independent third party for a term from 1 December 2004 to 31 November 2006 at a yearly rent of RMB330,000 inclusive of management fee and utility service charges.
17	北京賽諾泰生物科技 有限公司	172	Leased to an independent third party for a term from 19 January 2006 to 18 January 2007 at a yearly rent of RMB160,992 inclusive of management fee but exclusive of utility service charges.
17	北京友連泰科信息技術 有限公司	147	Leased to an independent third party for a term from 1 March 2006 to 28 February 2007 at a yearly rent of RMB169,013.25 inclusive of management fee but exclusive of utility service charges.
17	北京高陽金信信息技術 有限公司	635	Leased to a related party for a term from 1 January 2006 to 31 December 2006 at a daily rate of RMB2.6 per square metre exclusive of management fee and utility service charges.

3. The PRC legal opinion dated 27 November 2006 states, inter alia, as follows:

- i. 北京高陽萬為電力信息技術有限公司 has obtained the land use right certificate (京海國用(2002轉)字第1975號) and the building ownership certificate (京房權證海涉外移字第00014號). It legally and effectively held the building ownership rights and the associated land use rights of the property, and is the sole legal owner of the building ownership rights of the property and the user of the associated land. 北京高陽萬為電力信息技術有限公司 may occupy, use, assign, lease or mortgage the building ownership rights of the property for the whole of the unexpired land use rights year term (from 23 May 2002 to 17 September 2046) as granted in the Building Ownership Certificate;
- ii. 北京高陽萬為電力信息技術有限公司 is entitled to assign the building ownership rights and the associated land use rights of the property to Hi Sun Technology (China) Limited or its nominated assignee. However, the acquisition is subject to the pre-emption rights conferred on the existing tenants of the relevant part of the property based on the same terms as the transfer. Accordingly, if the tenants do not exercise their respective pre-emption rights, 北京高陽萬為電力信息技術有限公司 may transfer the building ownership rights and the associated land use rights of the property to Hi Sun Technology (China) Limited;
- iii. According to the information in the Building Ownership Certificate, the property is not subject to mortgage;
- iv. The tenancy agreements to which the property is currently subject are legal, effective and enforceable. While 北京高陽萬為電力信息技術有限公司 should have registered the agreements, the absence of registration will not affect the legality of the agreements.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(i) *Interests in ordinary shares of the Company*

Name of Director	Capacity in which such interests are held	Number of Shares held (Note 1)	Approximately % of the issued share capital
Mr. KUI Man Chun	Corporate (Note 2)	757,083,636 (L)	41.09
Mr. XU Wensheng	Personal	13,200,000 (L)	0.72
Mr. LI Wenjin	Personal	13,200,000 (L)	0.72
Mr. XU Chang Jun	Personal	13,200,000 (L)	0.72
Mr. CHAN Yiu Kwong	Personal	6,000,000 (L)	0.33
Mr. XU Sitao	Personal	600,000 (L)	0.03

(ii) *Interests in ordinary shares of the associated corporations*

Name of Director	Capacity in which such interests are held	Name of associated corporation	Number of shares held (Note 1)
Mr. KUI Man Chun	Corporate	Rich Global Limited	2 (L)
Mr. KUI Man Chun	Personal	Hi Sun Limited	30,245,000 (L)
Mr. LI Wenjin	Personal	Hi Sun Limited	255,000 (L)

Notes:

1. The letter "L" denotes a long position in shares.
2. These shares are held by Mr. KUI Man Chun through Hi Sun Limited, a company which Mr. KUI Man Chun holds a 99.16% interest, and Rich Global Limited, a wholly-owned subsidiary of Hi Sun Limited.

(iii) Interests in share options of the Company

Name of Director	Number of options outstanding	Date of grant	Exercise price (HK\$)
Mr. KUI Man Chun	12,000,000	18 March 2004 (Note 1)	0.0935
	13,200,000	26 September 2005 (Note 2)	0.192
Mr. XU Wensheng	13,200,000	26 September 2005 (Note 2)	0.192
Mr. LI Wenjin	13,200,000	26 September 2005 (Note 2)	0.192
Mr. XU Chang Jun	13,200,000	26 September 2005 (Note 2)	0.192
Mr. CHAN Yiu Kwong	4,000,000	26 September 2005 (Note 2)	0.192

Notes:

1. The exercisable period of the share options of the Company is from 18 March 2004 to 17 March 2014 (both dates inclusive).
2. The option period commences on 26 September 2005 and expires 10 years thereafter. Share options of the Company granted are vested as follows:

On 26 September 2005	Up to 50%
On 26 September 2006	Up to 100%
3. The consideration paid by the grantee for the acceptance of each grant of options was HK\$1.00.

Save as disclosed, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporations.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Name of Shareholder	Number of Shares held (Note 1)	Approximately % of the issued share capital
Rich Global Limited	757,083,636 (L)	41.09
Hi Sun Limited	757,083,636 (L)	41.09
	(Note 2)	
Huge Rising Limited	264,000,000 (L)	14.33
Pacific Pilot Limited	120,000,000 (L)	6.51

Notes:

1. The letter "L" denotes a long position in shares.
2. Hi Sun Limited, the share capital of which is held as to 99.16% by Mr. KUI Man Chun, an executive Director, is interested in the share capital of the Company by virtue of its 100% shareholding in Rich Global Limited.
3. Kui Man Chun, Li Wenjin, Xu Wensheng and Chan Yiu Kwong are directors of Hi Sun Limited. Kui Man Chun and Li Wenjin are directors of Rich Global Limited.

Save as disclosed herein, according to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors, there is no other person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had notified to the Company any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group or in any options in respect of such capital.

(c) Particulars of executive Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation).

3. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claims which is in the opinion of the Directors of material importance and no litigation or claims which is in the opinion of the Directors of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

4. EXPERTS AND CONSENT

The following are the qualification of the experts who have given opinion or advice which are contained or referred to in this circular:

Name	Qualification
Global Law Office	registered law firm in the PRC
South China Capital	South China Capital Limited, a deemed licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Vigers	professional valuer in Hong Kong

Each of Global Law Office, South China Capital and Vigers has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and references to its names in the form and context in which it is included. The legal opinion of Global Law Office was prepared for the purpose of the valuation report of Vigers and the valuation report of Vigers and the letter from South China Capital were made for incorporation in this circular.

As at the Latest Practicable Date, none of Global Law Office, South China Capital and Vigers is beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. In addition, none of Global Law Office, South China Capital and Vigers has any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2005 (the date to which the latest published audited consolidated accounts of the Group were made up).

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates has any interests in a business, which competes or may compete with the business of the Group.

7. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

8. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP

Up to the Latest Practicable Date, none of the Directors had any direct or indirect material interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group since 31 December 2005 (the date to which the latest published audited consolidated accounts of the Group were made up).

9. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The head office and principal office of the Company is at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. CHAN Yiu Kwong, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and is a fellow member of the Chartered Association of Certified Accountants in the United Kingdom.
- (d) The qualified accountant of the Company is Mr. CHAN Yiu Kwong, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and is a fellow member of the Chartered Association of Certified Accountants in the United Kingdom (as required under Rule 3.24 of the Listing Rules).
- (e) The branch share registrar of the Company in Hong Kong is Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong up to and including the date of the SGM:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the Acquisition Agreement;
- (iii) the letter addressed to the Independent Shareholders from the Independent Board Committee, the text of which is set out on page 10 of this circular;
- (iv) the letter of advice from South China Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 11 to 16 of this circular;
- (v) the valuation report from Vigers, the text of which is set out on pages 17 to 21 of this circular; and
- (vi) the letter of consent from the experts referred to in the section headed “Experts and consent” of this appendix.

NOTICE OF SPECIAL GENERAL MEETING



HI SUN TECHNOLOGY (CHINA) LIMITED

高陽科技（中國）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 818)

NOTICE IS HEREBY GIVEN that a special general meeting of the holders of the Shares of Hi Sun Technology (China) Limited (“the Company”) will be held at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Wednesday, 13 December 2006 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the conditional acquisition agreement (the “Acquisition Agreement”) dated 2 November 2006 and entered into between the Company and 北京高陽萬為電力信息技術有限公司 and the transaction contemplated thereunder be and are hereby approved and that the directors of the Company be and are hereby authorised to implement all the transactions referred to in the Acquisition Agreement and to do all things which they consider necessary, desirable or expedient in connection with the Acquisition Agreement and the transaction contemplated thereunder.”

By Order of the Board

LI Wenjin

Executive Director

Hong Kong, 27 November 2006

Head office and principal place of Business:

Room 2416, 24th Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. A form of proxy for use at the meeting is enclosed.
2. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the principal place of business of the Company at Room 2416, 24th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.